UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2017

or

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________________ to ________________

Commission file number: 000-54887

Bright Mountain Media, Inc.
(Exact name of registrant as specified in its charter)

Florida	**27-2977890**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
6400 Congress Avenue, Suite 2050, Boca Raton, Florida	**33487**
(Address of principal executive offices)	*(Zip Code)*

561-998-2440
(Registrant's telephone number, including area code)

not applicable
Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☑ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☑
		Emerging growth company	☑

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) ☐ Yes ☑ No

As of August 21, 2017 the issuer had 44,943,631 shares of its common stock outstanding.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Various statements in this report contain or may contain forward-looking statements that are subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived from utilizing numerous assumptions and other factors that could cause our actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to:

- our history of losses and our ability to continue as a going concern;
- our ability to successfully integrate the operations of the Black Helmet Apparel business;
- our ability to close the Daily Engage Media acquisition and launch the Bright Mountain Media Ad Network;
- a failure to successfully transition to primarily advertising based revenue model;
- the impact of seasonal fluctuations on our revenues;
- once established, our failure to detect advertising fraud;
- our dependence on our relationships with Amazon, eBay and PayPal;
- our dependence on a limited number of vendors;
- our dependence on our relationship with Google AdSense;
- acquisitions of new businesses and our ability to integrate those businesses into our operations;
- online security breaches;
- failure to effectively promote our brand;
- our ability to protect our content;
- our ability to protect our intellectual property rights and our proprietary content;
- the success of our technology development efforts;
- additional competition resulting from our business expansion strategy;
- liability related to content which appears on our websites;

- regulatory risks;
- dependence on executive officers and certain key employees and consultants;
- our ability to hire qualified personnel;
- third party content;
- possible problems with our network infrastructure;
- the historic illiquid nature of our common stock;
- risks associated with securities litigation;
- material weaknesses in our internal control over financial reporting;
- the lack of cash dividends on our common stock;
- provisions of our charter and Florida law which may have anti-takeover effects;
- control of our company by our management; and
- the dilutive effect of conversion of our 10% Series A convertible preferred stock and/or the payment of stock dividends on those shares to our common shareholders.

Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein. Readers are cautioned not to place undue reliance on these forward-looking statements and readers should carefully review this report, our Annual Report on Form 10-K for the year ended December 31, 2016 and our other filings with the Securities and Exchange Commission in their entirety. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. These forward-looking statements speak only as of the date of this report, and you should not rely on these statements without also considering the risks and uncertainties associated with these statements and our business.

OTHER PERTINENT INFORMATION

Unless specifically set forth to the contrary, when used in this report the terms “Bright Mountain”, the “Company,” “we”, “us”, “our” and similar terms refer to Bright Mountain Media, Inc., a Florida corporation, and its subsidiaries. In addition, when used in this report, “second quarter of 2017” refers to the three months ended June 30, 2017, "second quarter of 2016" refers to the three months ended June 30, 2016, “2017” refers to the year ending December 31, 2017 and “2016” refers to the year ended December 31, 2016.

Unless specifically set forth to the contrary, the information which appears on our website at www.brightmountainmedia.com is not part of this report.

PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

BRIGHT MOUNTAIN MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2017 *(unaudited)*	December 31, 2016
ASSETS		
Current assets		
Cash	$ 101,029	$ 162,795
Accounts Receivable	123,514	157,013
Prepaid Expenses and Other Current Assets	104,102	132,950
Inventories	1,066,575	1,127,072
Total current assets	1,395,220	1,579,830
Fixed Assets, net	101,158	99,001
Website Acquisition Assets, net	815,572	967,114
Tradenames	150,000	150,000
Other Assets	51,497	184,400
Total Assets	$ 2,513,447	$ 2,980,345
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 590,724	$ 654,140
Accrued Interest	73,958	11,111
Accrued Interest to Related Party	12,450	5,592
Premium Finance Loan Payable	4,694	53,643
Deferred Rent	15,976	—
Note Payable	500,000	500,000
Total Current Liabilities	1,197,802	1,224,486
Long Term Debt to Related Parties, net	680,673	185,905
Total Liabilities	1,878,475	1,410,391
Commitments and contingencies (See Note 9)		
Shareholders' Equity		
Preferred stock, par value $0.01, 20,000,000 shares authorized, 100,000 and 100,000 shares issued and outstanding		
Series A, 2,000,000 shares designated, 100,000 and 100,000 shares issued and outstanding	1,000	1,000
Series B, 1,000,000 shares designated, 0 and 0 shares issued and outstanding	—	—
Series C, 2,000,000 shares designated, 0 and 0 shares issued and outstanding	—	—
Series D, 2,000,000 shares designated, 0 and 0 shares issued and outstanding	—	—
Common stock, par value $0.01, 324,000,000 shares authorized, 44,943,631 issued and outstanding and 44,901,531 issued and outstanding, respectively	449,437	449,016
Additional paid-in capital	10,566,521	9,944,744
Accumulated Deficit	(10,381,986)	(8,824,806)
Total shareholders' equity	634,972	1,569,954
Total liabilities and shareholders' equity	$ 2,513,447	$ 2,980,345

See accompanying notes to unaudited condensed consolidated financial statements

BRIGHT MOUNTAIN MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Product Sales	$ 572,931	$ 336,042	$ 1,124,286	$ 683,821
Revenues from services	93,890	123,128	203,633	199,764
Total revenues	666,821	459,170	1,327,919	883,585
Cost of sales	365,411	236,986	741,467	507,521
Gross profit	301,410	222,184	586,452	376,064
Selling, general and administrative expenses	1,064,765	732,339	1,948,968	1,519,053
Loss from operations	(763,355)	(510,155)	(1,362,516)	(1,142,989)
Other income (expense)				
Interest income	137	6	219	10
Interest expense	(34,591)	(21,758)	(69,751)	(37,885)
Interest expense - related party	(76,124)	—	(125,132)	—
Total other income (expense)	(110,578)	(21,752)	(194,664)	(37,875)
Net loss before income taxes	(873,933)	(531,907)	(1,557,180)	(1,180,864)
Income taxes	—	—	—	—
Net loss	(873,933)	(531,907)	(1,557,180)	(1,180,864)
Preferred stock dividends				
Series A, Series B, Series C and Series D preferred stock	754	110,197	2,727	218,186
Total preferred stock dividends	754	110,197	2,727	218,186
Net loss attributable to common shareholders	$ (874,687)	$ (642,104)	$ (1,559,907)	$ (1,399,050)
Basic and diluted net loss per share	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.04)
Weighted average shares outstanding - basic and diluted	44,936,196	37,377,483	44,925,043	36,927,554

See accompanying notes to unaudited condensed consolidated financial statements

BRIGHT MOUNTAIN MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY
For the Six Months Ended June 30, 2017
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
Balance – December 31, 2016	100,000	$ 1,000	44,901,531	$ 449,016	$ 9,944,744	$ (8,824,806)	$ 1,569,954
Common stock issued for services ($0.85/share)			3,600	36	3,024		3,060
Common stock issued for 10% dividend payment pursuant to Series A preferred stock Subscription Agreements			10,000	100	(100)		—
Stock option compensation expense					78,838		73,838
Common stock issued as compensation			28,500	285	22,515		22,800
Beneficial conversion feature					522,500		522,500
Net loss for the six months ended June 30, 2017						(1,557,180)	(1,557,180)
Balance – June 30, 2017	100,000	$ 1,000	44,943,631	$ 449,437	$ 10,566,521	$(10,381,986)	$ 634,972

See accompanying notes to unaudited condensed consolidated financial statements

BRIGHT MOUNTAIN MEDIA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2017	2016
Cash flows from operating activities:		
Net loss	$ (1,557,180)	$ (1,180,864)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation	12,148	6,679
Amortization of debt discount	67,268	18,715
Amortization	151,542	124,425
Stock option compensation expense	73,838	77,124
Common stock issued for services	25,860	54,930
Changes in operating assets and liabilities:		
Accounts receivable	33,499	3,302
Inventory	60,497	37,958
Prepaid expenses and other current assets	52,848	52,059
Accounts payable	(63,416)	(106,298)
Accrued interest	62,847	—
Accrued interest - related party	6,858	—
Deferred rents	15,976	—
Other assets	108,903	467
Net cash used in operating activities	(948,512)	(911,503)
Cash flows from investing activities:		
Purchase of fixed assets	(14,305)	(5,621)
Purchase of websites	—	(131,237)
Net cash used in investing activities	(14,305)	(136,858)
Cash flows from financing activities:		
Sale of common stock	—	500,000
Repayments on insurance premium notes payable	(48,949)	(51,337)
Long-term debt – Loan from related parties	950,000	300,000
Net cash provided by financing activities	901,051	748,663
Net decrease in cash	(61,766)	(299,698)
Cash at beginning of period	162,795	416,187
Cash at end of period	$ 101,029	$ 116,489
Supplemental disclosure of cash flow information		
Cash paid for:		
Interest	$ 52,400	$ 13,714
Income taxes	$ —	$ —
Non-cash investing and financing activities		
Premium finance loan payable recorded as prepaid	$ 42,362	$ 38,060
Payable for purchase of website	$ —	$ 150,000
Debt discount on convertible notes payable	$ 522,500	$ —

See accompanying notes to unaudited condensed consolidated financial statements

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Organization and Nature of Operations

Bright Mountain Media, Inc. is a Florida corporation formed on May 20, 2010. Its wholly owned subsidiaries, Bright Mountain LLC, and The Bright Insurance Agency, LLC, were formed as Florida limited liability companies in May 2011. Its wholly owned subsidiary, Bright Watches, LLC was formed as a Florida limited liability company in December 2015. When used herein, the terms "BMTM," the "Company," "we," "us," "our" or "Bright Mountain" refers to Bright Mountain Media, Inc. and its subsidiaries.

The Company is a media holding company of online assets. We sell various products through our proprietary websites and retail location, and through third party e-commerce distributor portals. Our websites provide content designed to attract and retain targeted Internet audiences. We generate revenues from two segments, product sales and services. Services consists of advertising revenue and subscription revenue. Our advertising revenue is generated primarily through the display of paid listings as well as display advertisements appearing on our websites.

On December 16, 2016, with an effective date of December 15, 2016, under the terms of an Asset Purchase Agreement, the Company acquired the assets, constituting the Black Helmet Apparel business (“Black Helmet”), from Sostre Enterprises, Inc. Assets acquired included various website properties and content, social media content, inventory and other intellectual property rights. The Black Helmet line of apparel features clothing and accessories focused on firefighters.

Basis of Presentation

The interim unaudited condensed consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). In the opinion of the Company’s management, all adjustments necessary to present fairly the consolidated results of operations and cash flows for the six months ended June 30, 2017 and the consolidated financial position as of June 30, 2017 have been made. The results of operations for such interim period are not necessarily indicative of the operating results expected for the full year.

Principles of Consolidation

The interim unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

Our consolidated financial statements are prepared in accordance with Accounting Principles Generally Accepted in the United States (“GAAP”). These accounting principles require management to make certain estimates, judgments, and assumptions. We believe that the estimates, judgments, and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments, and assumptions are made. These estimates, judgments, and assumptions can affect the reported amounts of assets and liabilities as of the date of our consolidated financial statements as well as reported amounts of revenue and expenses during the periods presented. Our consolidated financial statements would be affected to the extent there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. Significant estimates included in the accompanying consolidated financial statements include revenue recognition, the fair value of acquired assets for purchase price allocation in business combinations, valuation of inventory, valuation of intangible assets, estimates of amortization period for intangible assets, estimates of depreciation period for fixed assets, valuation of equity based transactions, and the valuation allowance on deferred tax assets.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued).

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Fair Value of Financial Instruments and Fair Value Measurements

The Company measures its financial assets and liabilities in accordance with GAAP. For certain of our financial instruments, including cash, accounts payable, accrued expenses, and the short-term portion of long-term debt, the carrying amounts approximate fair value due to their short maturities.

We adopted accounting guidance for financial and non-financial assets and liabilities in accordance with ASC 820 "*Fair Value Measurements and Disclosures*." This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. This guidance does not apply to measurements related to share-based payments. This guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use

Accounts Receivable

Accounts receivable are recorded at fair value on the date revenue is recognized. The Company provides allowances for doubtful accounts for estimated losses resulting from the inability of its customers to repay their obligation. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to repay, additional allowances may be required. The Company provides for potential uncollectible accounts receivable based on specific customer identification and historical collection experience adjusted for existing market conditions. If market conditions decline, actual collection experience may not meet expectations and may result in decreased cash flows and increased bad debt expense.

The policy for determining past due status is based on the contractual payment terms of each customer, which are generally net 60 or net 90 days. Once collection efforts by the Company and its collection agency are exhausted, the determination for charging off uncollectible receivables is made.

Inventories

Inventories consist of finished goods and are stated at the lower of cost or market using the first in, first out (FIFO) method. Provisions have been made to reduce excess or obsolete inventories to their net realizable value.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued).

Revenue Recognition

The Company recognizes revenue on our products in accordance with ASC 605, "*Revenue Recognition*." Under these guidelines, revenue is recognized on sales transactions when all of the following exist: persuasive evidence of an arrangement did exist; delivery of product has occurred; the sales price to the buyer is fixed or determinable; and collectability is reasonably assured. The Company has several revenue streams generated directly from its website and specific revenue recognition criteria for each revenue stream is as follows:

- Sale of merchandise directly to consumers: The Company's product sales are recognized either FOB shipping point or FOB destination, dependent on the customer. Revenues are therefore recognized at point of ownership transfer, accordingly;
- Advertising revenue is received directly form companies who pay the Company a monthly fee for advertising space;
- Advertising revenues are generated by users "clicking" on website advertisements utilizing several ad network partners: Revenues are recognized, on a net basis, upon receipt of payment by the ad network partner since the revenue is not determinable until it is received; and
- Subscription revenues are generated by the sale of access to career postings on one of our websites. The term of the subscriptions range from one month to twelve months. Revenues are recognized, on a net basis, over the term of the subscription period. All sales are final per the subscription Terms of Use.

The Company follows the guidance of ASC 605-50-25, "*Revenue Recognition, Customer Payments*." Accordingly, any incentives received from vendors are recognized as a reduction of the cost of products included in inventories. Promotional products or samples given to customers or potential customers are recognized as a cost of goods sold. Cash incentives provided to our customers are recognized as a reduction of the related sale price, and, therefore, are a reduction in sales.

Cost of Sales

Components of costs of sales include product costs, shipping costs to customers and any inventory adjustments.

Shipping and Handling Costs

The Company includes shipping and handling fees billed to customers as revenues and shipping and handling costs for shipments to customers as cost of revenues.

Sales Return Reserve Policy

Our return policy generally allows our end users to return purchased products for refund or in exchange for new products. We estimate a reserve for sales returns, if any, and record that reserve amount as a reduction of sales and as a sales return reserve liability. Sales to consumers on our web site generally may be returned within a reasonable period of time.

Product Warranty Reserve Policy

The Company is a retail distributor of products and warranties are the responsibility of the manufacturer. Therefore, the Company does not record a reserve for product warranty

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued).

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets of five to seven years for office furniture and equipment, and five years for computer equipment. Leasehold improvements are amortized over the lesser of the lease term or the useful life of the improvements. Expenditures for maintenance and repairs along with fixed assets below our capitalization threshold of $500 are expensed as incurred.

Website Development Costs

The Company accounts for its website development costs in accordance with Accounting Standards Codification ("ASC") ASC 350-50, "*Website Development Costs*" ("ASC 350-50"). These costs, if any, are included in intangible assets in the accompanying consolidated financial statements or expensed immediately if the Company cannot support recovery of these costs from positive future cash flows.

ASC 350-50 requires the expensing of all costs of the preliminary project stage and the training and application maintenance stage and the capitalization of all internal or external direct costs incurred during the application and infrastructure development stage. Upgrades or enhancements that add functionality are capitalized while other costs during the operating stage are expensed as incurred. The Company amortizes the capitalized website development costs over an estimated life of five years.

As of June 30, 2017 and 2016, all website development costs have been expensed.

Amortization and Impairment of Long-Lived Assets

Amortization and impairment of long-lived assets are non-cash expenses relating primarily to website acquisitions. The Company accounts for long-lived assets in accordance with the provisions of ASC 360-10 "*Accounting for the Impairment or Disposal of Long-Lived Assets*." This statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Website acquisition costs are amortized over five years. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. While it is likely that we will have significant amortization expense as we continue to acquire websites, we believe that intangible assets represent costs incurred by the acquired website to build value prior to acquisition and the related amortization and impairment charges of assets, if applicable, are not ongoing costs of doing business. Non-cash amortization loss is included in selling, general and administrative expenses on the accompanying statement of operations. For the three months ended June 30, 2017 and 2016, non-cash amortization expense was $75,806 and $61,582, respectively. For the six months ended June 30, 2017 and 2016, non-cash amortization expense was $151,542 and $124,425, respectively.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued).

Stock-Based Compensation

The Company accounts for stock-based instruments issued to employees for services in accordance with ASC Topic 718 "*Compensation – Stock Compensation.*" ASC Topic 718 requires companies to recognize in the statement of operations the grant-date fair value of stock options and other equity based compensation issued to employees. The value of the portion of an employee award that is ultimately expected to vest is recognized as an expense over the requisite service periods using the straight-line attribution method. The Company accounts for non-employee share-based awards in accordance with the measurement and recognition criteria of ASC Topic 505-50, "*Equity-Based Payments to Non-Employees.*" The Company estimates the fair value of stock options by using the Black-Scholes option-pricing model. Non- cash stock-based stock option compensation is expensed over the requisite service period and are included in selling, general and administrative expenses on the accompanying condensed consolidated statement of operations. For the three months ended June 30, 2017 and 2016, non-cash stock-based stock option compensation expense was $35,579 and $59,551, respectively. For the six months ended June 30, 2017 and 2016, non-cash stock-based stock option compensation expense was $73,838 and $77,124, respectively.

Advertising, Marketing and Promotion Costs

Advertising, marketing and promotion expenses are expensed as incurred and are included in selling, general and administrative expenses on the accompanying statement of operations. For the three months ended June 30, 2017 and 2016, advertising, marketing and promotion expense was $72,945 and $5,056, respectively. For the six months ended June 30, 2017 and 2016, advertising, marketing and promotion expense was $165,233 and $12,106, respectively.

Income Taxes

We use the asset and liability method to account for income taxes. Under this method, deferred income taxes are determined based on the differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements which will result in taxable or deductible amounts in future years and are measured using the currently enacted tax rates and laws. A valuation allowance is provided to reduce net deferred tax assets to the amount that, based on available evidence, is more likely than not to be realized.

The Company follows the provisions of ASC 740-10 "*Accounting for Uncertain Income Tax Positions.*" When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above should be reflected as a liability for unrecognized tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

As of June 30, 2017, tax years 2016, 2015, and 2014 remain open for IRS audit. The Company has received no notice of audit or any notifications from the IRS for any of the open tax years.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued).

Basic and Diluted Net Earnings (Loss) Per Common Share

In accordance with ASC 260-10 "*Earnings Per Share*," basic net earnings (loss) per common share is computed by dividing the net earnings (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share are computed using the weighted average number of common and dilutive common stock equivalent shares outstanding during the period. As of June 30, 2017 and 2016, there were approximately 2,177,000 and 1,847,000 common stock equivalent shares outstanding as stock options, respectively, 100,000 and 5,200,000 common stock equivalents from the conversion of preferred stock, respectively, and 3,050,000 and 1,000,000 common stock equivalents from the conversion of notes payable, respectively. Equivalent shares were not utilized, as the effect is anti-dilutive.

Segment Information

In accordance with the provisions of ASC 280-10, "*Disclosures about Segments of an Enterprise and Related Information*", the Company is required to report financial and descriptive information about its reportable operating segments. The Company has two identifiable operating segments based on the activities of the company in accordance with the ASC 280-10. The Company's two segments are product sales and services as of June 30, 2017. The product sales segment sells merchandise directly to customers thorough e-commerce distributor portals such as Amazon and eBay and through our proprietary websites and retail location. The services segment is focused on producing advertising revenue generated by users "clicking" on website advertisements utilizing several ad network partners and direct advertisers and subscription revenue generated by the sale of access to career postings on one of our websites.

Recent Accounting Pronouncements

In June 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-09, "*Revenue from Contracts with Customers*." The update gives entities a single comprehensive model to use in reporting information about the amount and timing of revenue resulting from contracts to provide goods or services to customers. The proposed ASU, which would apply to any entity that enters into contracts to provide goods or services, would supersede the revenue recognition requirements in Topic 605 "*Revenue Recognition*," and most industry-specific guidance throughout the Industry Topics of the Codification. Additionally, the update would supersede some cost guidance included in Subtopic 605-35 "*Revenue Recognition – Construction-Type and Production-Type Contracts*." The update removes inconsistencies and weaknesses in revenue requirements and provides a more robust framework for addressing revenue issues and more useful information to users of financial statements through improved disclosure requirements. In addition, the update improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets and simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer. The update is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. All other entities may apply the guidance in ASU No. 2014-09 earlier as of an annual reporting period beginning after December 15, 2016, including interim reporting periods within that reporting period. All other entities also may apply the guidance in Update 2014-09 earlier as of an annual reporting period beginning after December 15, 2016, and interim reporting periods within annual reporting periods beginning one year after the annual reporting period in which the entity first applies the guidance in ASU No. 2014-09. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

In August 2014, the FASB issued ASU No. 2014-15, "*Presentation of Financial Statements - Going Concern*," which requires management to evaluate, at each annual and interim reporting period, whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued and provide related disclosures. ASU 2014-15 is effective for annual periods ending after December 15, 2016 and interim periods thereafter. Early application was permitted. The adoption of ASU 2014-15 did not have a material effect on our condensed consolidated financial statements.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued).

In July 2015, FASB issued ASU No. 2015-11*, "Inventory (Topic 330): Simplifying the Measurement of Inventory*" more closely align the measurement of inventory in GAAP with the measurement of inventory in International Financial Reporting Standards (IFRS). The amendments in this ASU do not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. The amendments apply to all other inventory, which includes inventory that is measured using first-in, first-out (FIFO) or average cost. An entity should measure inventory within the scope of this Update at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. For public business entities, this ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, this ASU is effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. The amendments in this ASU should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. The adoption of ASU No. 2015-11 did not have a material effect on our condensed consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02 "*Leases*," which will amend current lease accounting to require lessees to recognize (i) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and (ii) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 does not significantly change lease accounting requirements applicable to lessors; however, certain changes were made to align, where necessary, lessor accounting with the lessee accounting model. This standard will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

In March 2016, the FASB issued ASU 2016-09, *Compensation – Stock Compensation: Improvements to Employee Share-Based Payment Accounting*, which relates to the accounting for employee share-based payments. This standard addresses several aspects of the accounting for share-based payment award transactions, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. This standard will be effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The adoption of ASU No. 2016-9 did not have a material effect on our condensed consolidated financial statements.

In April 2016, the FASB issued ASU 2016–10 *"Revenue from Contract with Customers (Topic 606): Identifying Performance Obligations and Licensing."* The amendments in this Update do not change the core principle of the guidance in Topic 606. Rather, the amendments in this Update clarify the following two aspects of Topic 606: identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. Topic 606 includes implementation guidance on (a) contracts with customers to transfer goods and services in exchange for consideration and (b) determining whether an entity's promise to grant a license provides a customer with either a right to use the entity's intellectual property (which is satisfied at a point in time) or a right to access the entity's intellectual property (which is satisfied over time). The amendments in this Update are intended render more detailed implementation guidance with the expectation to reduce the degree of judgement necessary to comply with Topic 606. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

In April 2016, the FASB issued ASU No. 2016-15, *"Classification of Certain Cash Receipts and Cash Payments"* ASU 2016- provides guidance regarding the classification of certain items within the statement of cash flows. ASU 2016-15 is effective for annual periods beginning after December 15, 2017 with early adoption permitted. We do not believe this ASU will have an impact on our results of operation, cash flows, other than presentation, or financial condition.

NOTE 2 - GOING CONCERN.

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company sustained a net loss of $1,557,180 and used cash in operating activities of $948,512 for the six months ended June 30, 2017. The Company had an accumulated deficit of $10,381,986 at June 30, 2017. These factors raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period of time. The Company's continuation as a going concern is dependent upon its ability to generate revenues and its ability to continue receiving investment capital and loans from related parties to sustain its current level of operations.

Management plans to continue to raise additional capital through private placements and is exploring additional avenues for future fund-raising through both public and private sources.

The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 3 – ACQUISITIONS.

On January 2, 2016, the Company closed the acquisition of warisboring.com pursuant to the terms and conditions of the Website Asset Purchase Agreement dated December 4, 2015 for an aggregate purchase price of $250,000. The purchase price consisted of a cash payment of $100,000 at the January 4, 2016 closing and the balance of $150,000, payable monthly in an amount equal to 30% of the net revenues from the website, when collected, with the total amount of the earn out to be paid by January 4, 2019. The Company recorded the future monthly payments totaling $150,000 at a present value of $117,268, net of discount of $32,732. The present value was calculated at a discount rate of 12% (which is the Company’s then most recent borrowing rate) using the estimated future revenues from the website to estimate the payment dates. The estimated future revenues from the website were based on the average historical monthly revenues from the website prior to the Company’s acquisition. During the six months ended June 30, 2017 and 2016, the Company amortized $5,455 and $5,456, respectively, of this discount. The acquisition was accounted following ASC 805 “*Business Combinations*.” Under the purchase method of accounting, the transaction was valued for accounting purposes at $217,268, which was the fair value of warisboring.com. The Company has initially determined there was only two amortizable intangible assets. The acquisition date estimated fair value of the consideration transferred consisted of the following:

Customer and related relationships	$ 39,578
Website	177,690
Total	$ 217,268

The above estimated fair value of the intangible assets are based on a preliminary purchase price allocation prepared by management. As a result, during the preliminary purchase price allocation period, which may be up to one year from the business combination date, we may record adjustments to the asset acquired, with the corresponding offset to website. After the preliminary purchase price allocation period, we record adjustments to assets acquired subsequent to the purchase price allocation period in our operating results in the period in which the adjustments were determined. In the year following this transaction, we did not record any adjustments to our initial allocations.

On February 2, 2016, the Company entered into a Website Asset Purchase Agreement with unrelated third parties for a purchase price of $15,000 in cash. The acquisition was accounted for following ASC *805 "Business Combinations."* The operations of the website prior to the Company's acquisition were immaterial; therefore, pro forma information was not presented. There were no costs of acquisition incurred as a result of this purchase.

On December 16, 2016, with an effective date of December 15, 2016 under the terms of the Asset Purchase Agreement, we acquired the assets constituting the Black Helmet apparel business from Sostre Enterprises, Inc., including various website properties and content, social media content, inventory and other intellectual property rights. The consideration for the acquisition consisted of $250,000 in cash, 200,000 shares of our common stock valued at $170,000, the assumption of $40,000 in liabilities and the forgiveness of working capital advances we had previously made to the seller totaling $200,000.

NOTE 3 – ACQUISITIONS (continued).

A summary of assets acquired is as follows:

Inventory	$ 58,000
Intangibles – website	80,000
Intangibles – trade name	150,000
Intangibles – customer relationships	252,000
Intangibles – non compete agreements	120,000
Total assets acquired	$ 660,000

Pro forma results

The following table sets forth the unaudited pro forma results of the Company as if the acquisition of the assets constituting the Black Helmet apparel business had taken place on the first day of the periods presented. These combined results are not necessarily indicative of the results that may have been achieved had the assets been acquired as of the first day of the periods presented.

	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
Total revenue	$ 677,328	$ 1,349,635
Total expenses	1,310,729	2,726,510
Preferred stock dividend	128,084	218,186
Net loss attributable to common shareholders	$ (761,485)	$ (1,595,061)
Basic and diluted net loss per share	$ (0.03)	$ (0.05)

At June 30, 2017 and December 31, 2016, respectively, website acquisition assets consisted of the following:

	June 30, 2017	December 31, 2016
Website Acquisition Assets	$ 1,739,179	$ 1,739,179
Less: Accumulated Amortization	(732,587)	(581,045)
Less: Impairment Loss	(191,020)	(191,020)
Website Acquisition Assets, net	$ 815,572	$ 967,114

Non-cash amortization expense for the three and six month periods ending June 30, 2017 and 2016 was $75,806 and $151,542, respectively and $61,582 and $124,425, respectively.

In connection with the acquisition of the Black Helmet apparel business, the Company recognized $150,000 attributable to tradenames acquired.

NOTE 4 – INVENTORIES.

At June 30, 2017 and December 31, 2016 inventories consisted of the following:

	June 30, 2017	December 31, 2016
Product inventory: clocks and watches	$ 858,049	$ 982,283
Product inventory: other inventory	208,526	144,789
Total inventory balance	$ 1,066,575	$ 1,127,072

NOTE 5 – PREPAID COSTS AND EXPENSES.

At June 30, 2017 and December 31, 2016, prepaid expenses and other current assets consisted of the following:

	June 30, 2017	December 31, 2016
Prepaid Rent	$ 61,740	$ 46,523
Prepaid Insurance	42,362	84,825
Prepaid Inventory	—	1,602
Prepaid Expenses and Other Current Assets	$ 104,102	$ 132,950

NOTE 6 – PROPERTY AND EQUIPMENT.

At June 30, 2017 and December 31, 2016, property and equipment consisted of the following:

	June 30, 2017	December 31, 2016	Depreciable Life (Years)
Furniture and Fixtures	$ 76,671	$ 70,108	7
Computer Equipment	59,511	56,142	5
Leasehold Improvements	39,385	35,011	10
Total Fixed Assets	175,567	161,261	
Less: Accumulated Depreciation	(74,409)	(62,260)	
Total Fixed Assets, net	$ 101,158	$ 99,001	

Non-cash depreciation expense for the three and six months ending June 30, 2017, respectively, and was $6,659 and $12,148 and $3,345 and $6,679 for the three and six months ended June 30, 2016, respectively.

NOTE 7 – SEGMENT INFORMATION.

The Company has two identifiable segments as of June 30, 2017; products and services. The products segment sells merchandise directly to customers thorough e-commerce distributor portals such as Amazon and eBay and through our proprietary websites and retail location. The services segment is focused on producing advertising revenue generated by users "clicking" on website advertisements utilizing several ad network partners and direct advertisers and subscription revenue generated by the sale of access to career postings on one of our websites. The following information represents segment activity for the three and six month periods ended June 30, 2017 and June 30,2016.

	For the three months ended June 30, 2017			For the three months ended June 30, 2016		
	Products	Services	Total	Products	Services	Total
Revenues	$ 572,931	$ 93,890	$ 666,821	$ 336,042	$ 123,128	$ 459,170
Website Amortization	$ —	$ 75,806	$ 75,806	$ —	$ 61,582	$ 61,582
Depreciation	$ 5,707	$ 952	$ 6,659	$ 2,176	$ 1,169	$ 3,345
Loss from operations	$ (445,896)	$ (317,459)	$ (763,355)	$ (267,198)	$ (242,957)	$ (510,155)
Segment Assets	$ 1,728,881	$ 784,566	$ 2,513,447	$ 1,203,841	$ 829,518	$ 2,033,359
Purchase of Assets	$ 6,271	$ —	$ 6,271	$ 5,621	$ 6,115	$ 11,736

NOTE 7 – SEGMENT INFORMATION. (continued)

	For the six months ended June 30, 2017			For the six months ended June 30, 2016		
	Products	Services	Total	Products	Services	Total
Revenues	$ 1,124,286	$ 203,633	$ 1,327,919	$ 683,821	$ 199,764	$ 883,585
Website Amortization	$ —	$ 151,542	$ 151,542	$ —	$ 124,425	$ 124,425
Depreciation	$ 10,285	$ 1,863	$ 12,148	$ 4,888	$ 1,791	$ 6,679
Loss from operations	$ (845,275)	$ (517,241)	$(1,362,516)	$ (680,802)	$ (462,187)	$(1,142,989)
Segment Assets	$ 1,728,881	$ 784,566	$ 2,513,447	$ 1,203,841	$ 829,518	$ 2,033,359
Purchase of Assets	$ 14,305	$ —	$ 14,305	$ 5,621	$ 131,237	$ 136,858

NOTE 8 – NOTES PAYABLE.

Long Term Debt to Related Parties, net

Following the conversion of outstanding notes in August 2016, the Company issued a series of 12% convertible promissory notes that have conversion prices that create a beneficial conversion to a related party, who is our Chief Executive Officer. This note mature five years from issuance and are convertible at the option of the holder into shares of common stock at any time prior to maturity at a conversion price of $0.50 per share. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the face value of the note. In accordance with this guidance, the intrinsic value of the beneficial conversion features is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest over the five-year life of the note using the effective interest method.

A summary of these note issuances at December 31, 2016 and June 30, 2017 is as follows:

Issuance Date	Maturity Date	Principal	Discount Recognized	Amortization Expense 2016	Carry Amount at December 31, 2016	Amortization Six Months Ended June 30, 2017	Carry Amount at June 30, 2017
09/26/16	09/26/21	$ 100,000	$ 70,000	$ 3,692	$ 33,692	$ 7,000	$ 40,692
10/14/16	10/14/21	100,000	70,000	3,024	33,024	7,000	40,024
10/31/16	10/31/21	100,000	70,000	2,372	32,372	7,000	39,372
11/03/16	11/03/21	50,000	35,000	1,120	16,120	3,500	19,620
11/11/16	11/11/21	100,000	70,000	1,934	31,934	7,000	38,934
11/21/16	11/21/21	50,000	35,000	775	15,775	3,500	19,275
12/15/16	12/15/21	75,000	52,500	488	22,988	5,250	28,238
01/19/17	01/19/22	100,000	70,000	—	—	6,323	36,323
02/06/17	02/06/22	100,000	70,000	—	—	5,561	35,561
02/24/17	02/24/22	50,000	35,000	—	—	1,958	16,958
03/07/17	03/07/22	100,000	70,000	—	—	4,441	34,441
04/03/17	04/03/22	75,000	45,000	—	—	2,250	32,250
04/10/17	04/10/22	75,000	45,000	—	—	2,000	32,000
04/19/17	04/19/22	50,000	30,000	—	—	1,183	21,183
05/01/17	05/01/22	50,000	30,000	—	—	1,000	21,000
05/11/17	05/11/22	75,000	22,500	—	—	617	53,117
05/24/17	05/24/22	75,000	45,000	—	—	1,234	31,234
06/08/17	06/08/22	100,000	30,000	—	—	383	70,383
06/27/17	06/27/22	100,000	30,000	—	—	68	70,068
		$ 1,525,000	$ 925,000	$ 13,405	$ 185,905	$ 67,268	$ 680,673

NOTE 8 – NOTES PAYABLE. (continued)

Amortization of debt discount totaled $67,268 and $18,715 at June 30, 2017 and 2016, respectively.

Note Payable

On November 30, 2016, the Company entered into a promissory note agreement with an unaffiliated party in the principal amount of $500,000. The note is unsecured, carries an interest rate of 25% per annum payable in arrears at maturity. The note matures November 30, 2017 and may be prepaid at any time without notice or prepayment penalty. In the event of default of any loan provision, the lender can declare all or any portion of the unpaid principal and interest immediately due and payable. Accrued interest on this note totaled $73,958 at June 30, 2017.

NOTE 9 – COMMITMENTS AND CONTINGENCIES.

Leases

The Company leases its corporate offices at 6400 Congress Avenue, Suite 2050, Boca Raton, Florida 33487 under a long-term non-cancellable lease agreement, which contains renewal options. The lease, which was entered into on August 25, 2014 was amended on July 30, 2015 to increase the original approximate 2,014 square feet to approximately 4,450 square feet. The term of the lease was extended and will terminate on March 14, 2019 at a current base rent of for a term of approximately $8,978 per month for the first twelve months with a 3% escalation each year. An additional security deposit of $2,500 was required. Rent is all-inclusive and includes electricity, heat, air-conditioning, and water. The original rent commencement date was October 11, 2014 and will expire on March 14, 2019.

The Company leases retail space for its product sales division at 4900 Linton Boulevard, Bay 17A, Delray Beach, FL 33445 under a long-term, non-cancellable lease agreement, which contains renewal options. The lease, which was entered into on August 25, 2014, is for approximately 2,150 square feet for a term of 36 months in Delray Beach, Florida at a base rent of approximately $2,329 per month for the first twelve months with a 3% escalation each year. A security deposit of $3,865, first month's prepaid rent of $3,865, and last month's prepaid rent of $4,015 was paid upon lease execution. The lease is a triple net lease. Common area maintenance is approximately $1,317 per month for the first twelve months with annual escalations not to exceed 4%. The rent commencement date was October 1, 2014 and was initially set to expire on September 30, 2017. In January 2017, this lease was modified and extended concurrent with the expansion of our retail space in the same location.

In January 2017, the Company entered into an additional lease and modified and extended our existing lease for our retail site. The new lease agreement provides for an additional 2,720 square feet adjacent to our existing Delray Beach FL location commencing February 1, 2017, and expiring January 31, 2022. This lease provides for one months free rent, an initial monthly base rental of $1,757, representing a one-half reduction in rental payments for the first year as an accommodation. Minimum base rental for year two is $3,513 per month, escalating 3% per year thereafter. The Company also provided a $10,000 security deposit and prepaid $96,940 in future rents on the facility through the funding of certain leasehold improvements. Prepaid rent totaled $88,140 at June 30, 2017. Simultaneously, the Company modified our existing lease on the initial space, extending this lease to coincide with the new space, expiring January 31, 2022, at an initial base rental of $2,471 per month, escalating 3% per year thereafter.

On December 16, 2016, with an effective date of December 15, 2016 under the terms of the Asset Purchase Agreement, we acquired the assets constituting the Black Helmet apparel business including various website properties and content, social media content, inventory and other intellectual property rights. (See Note 3) We also acquired the right to assume the lease of their warehouse facility consisting of approximately 2,667 square feet. The lease was renewed for a three year term in April 2016 with an initial base rental rate of $1,641 per month, and escalating at approximately 3% per year thereafter.

Rent expense for the three months ended June 30, 2017 and 2016 was $57,249 and $40,366, respectively and for the six months ended June 30, 2017 and 2016 was $117,925 and $80,732, respectively.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued).

Legal

From time-to-time, we may be involved in litigation or be subject to claims arising out of our operations or content appearing on our websites in the normal course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on our company because of defense and settlement costs, diversion of management resources and other factors.

Other Commitments

The Company entered into various contracts or agreements in the normal course of business, which may contain commitments. During the six months ended June 30, 2017 and 2016, the Company entered into agreements with third party vendors to supply website content and data, website software development, advertising, public relations, and legal services. All of these commitments contain provisions whereby either party may terminate the agreement with specified notice, normally 30 days, and with no further obligation on the part of either party.

During the years ended December 31, 2016 and 2015, the Company entered into agreements with third parties related to websites acquired during the respective periods as further discussed in Note 3. In connection with the two acquisitions made in 2016, the Company entered into a management agreement associated with the WarIsBoring website at $5,000 per month through November 18, 2018, and two service agreements in connection the Black Helmet Apparel acquisition at $6,250 per month, each, through December 15, 2019, plus the ability to earn bonuses ranging from $50,000 for the year ending December 31, 2017 to $100,000 for the year ending December 31, 2019 each based upon the satisfaction of certain revenue and gross margin targets. These agreements may be terminated with six months written notice. Future contingent milestone payments under the acquisitions made in 2015 totaled approximately $210,000 and $210,000 for 2017 and 2016, respectively.

Total payments for the six month periods June 30, 2017 and 2016 were $90,000 and $88,000, respectively.

Contractual commitments remaining under various acquisition related agreements total: $245,000 in 2017; $205,000 in 2018; $144,000 in 2019 and $0 for 2020 and 2021, respectively.

The Company entered into an Executive Employment Agreement with our Chief Executive Officer, with an effective date of June 1, 2014. Under the initial terms of this agreement, the Company would compensate the Chief Executive Officer with a base salary of $75,000 annually, and he is entitled to receive discretionary bonuses as may be awarded by the Company's board of directors from time to time. The initial term of the agreement is three years, and the Company may extend it for an additional one-year period upon written notice at least 180 days prior to the expiration of the term. The Chief Executive Officer's base annual salary was increased to $77,500 in January, 2015, $96,000 in July 2015, and to $125,000 effective October 1, 2015 upon recommendation of the Compensation Committee of the board of directors. In May 2016 the Chief Executive Officer orally agreed to a reduction in his base salary to $95,000 per annum.

The agreement will terminate upon the Chief Executive Officer's death or disability. In the event of a termination upon his death, the Company is obligated to pay his beneficiary or estate an amount equal to one year base salary plus any earned bonus at the time of his death. In the event the agreement is terminated as a result of his disability, as defined in the agreement, he is entitled to continue to receive his base salary for a period of one year. The Company is also entitled to terminate the agreement either with or without case, and the Chief Executive Officer is entitled to voluntarily terminate the agreement upon one year's notice to the Company. In the event of a termination by the Company for cause, as defined in the agreement, or voluntarily by the Chief Executive Officer, the Company is obligated to pay him the base salary through the date of termination. In the event the Company terminates the agreement without cause, the Company is obligated to give him one years' notice of the Company's intent to terminate and, at the end of the one year period, pay an amount equal to two times his annual base salary together with any bonuses which may have been earned as of the date of termination. A constructive termination of the agreement will also occur if the Company materially breaches any term of the agreement or if a successor company to the Company fails to assume the Company's obligations under the employment agreement. In that event, the Chief Executive Officer will be entitled to the same compensation as if the Company terminated the agreement without cause.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued).

The employment agreement contains customary non-compete and confidentiality provisions. The Company also agreed to indemnify the Chief Executive Officer pursuant to the provisions of the Company's Amended and Restated Articles of Incorporation and Amended and Restated By-laws.

On April 1, 2017 the Company entered into the First Amendment to the Executive Employment Agreement with our Chief Executive Officer. Under the terms of the amendment, the term of his employment was extended to April 1, 2020, which may be further extended for additional one year periods upon 180 days notice by us to him. Under the terms of the amendment, Mr. Speyer's base salary was increased to $165,000 annually and he is entitled to earn annual performance bonuses, beginning with the year ending December 31, 2017, ranging from 25% to 80% of his base salary upon our achievement of certain annual revenue and EBITDA targets. All other terms and conditions of his employment agreement remain in full force.

NOTE 10 – RELATED PARTIES.

As discussed more fully in Note 8, section titled “Long Term Debt to Related Parties, net”, in August 2016, the Company issued a series of 12% convertible promissory notes that have conversion prices that create a beneficial conversion to a related party, who is our Chief Executive Officer. These notes total $680,673 and $185,905 at June 30, 2017 and December 31, 2016, respectively and mature five years from issuance and are convertible at the option of the holder into shares of common stock at any time prior to maturity at a conversion price of $0.50 per share. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the face value of the note. In accordance with this guidance, the intrinsic value of the beneficial conversion features is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest over the five-year life of the note using the effective interest method. The notes are reported net of their unamortized debt discount of $844,327 and $389,095 as of June 30, 2017 and December 31, 2016, respectively.

NOTE 11 – SHAREHOLDERS’ EQUITY.

Preferred Stock

The Company has authorized 20,000,000 shares of preferred stock with a par value of $0.01 (the "Preferred Stock"), issuable in such series and with such designations, rights and preferences as the board of directors may determine.

On November 1, 2013, the board of directors approved the designation of 2,000,000 shares of the Preferred Stock as 10% Series A Convertible Preferred Stock (“Series A Stock”). Holders of the Series A Stock are entitled to the payment of a 10% dividend payable in shares of the Company’s common stock at a rate of one share of common stock for each 10 shares of Series A Stock. Dividends are payable annually the 10th business day of January. Each holder of Series A Stock may convert all or part of the Series A Stock into shares of common stock on a share for share basis. Shares of Series A Stock rank superior to all other classes of stock upon liquidation. Each share of Series A Stock will automatically convert into shares of common stock five years from the date of issuance or upon a change in control. On August 18, 2016, Series A Stockholders converted 1,800,000 shares of Series A Stock into 1,800,000 shares of common stock, leaving 100,000 Series A Stock outstanding. On the 10th business day of January 2017 there were 4,959 shares of common stock dividends owed and payable to the Series A Stockholders of record as dividends on the Series A Stock. The shares of Series A Stock is subject to adjustment of the conversion terms due to future mergers, sales and stock splits, if any.

Common Stock

Stock issued for services

On January 16, 2017, the Company issued to a consultant 3,600 shares of its common stock at $0.85 per share, or $3,060, for services rendered. The Company valued these common shares based on the fair value at the date of grant.

On April 25, 2017 the Company issued 28,500 shares with a fair value of $22,800 on the date of issuance for compensation to employees and officers.

NOTE 11 – SHAREHOLDERS' EQUITY (continued).

Stock issued for dividends

In January 2017, the Company issued 10,000 shares of its common stock as dividends to the holder of its Series A preferred stock. Holders of the Series A, Series B, Series C, and Series D Stock are entitled to the payment of a 10% dividend payable in shares of the Company's common stock at a rate of one share of common stock for each ten shares of Series A, Series B, Series C, or Series D Stock payable on the tenth business day of January commencing in 2017.

Stock Incentive Plan and Stock Option Grants to Employees and Directors

The Company accounts for stock option compensation issued to employees for services in accordance with ASC Topic 718, "*Compensation – Stock Compensation*". ASC Topic 718 requires companies to recognize in the statement of operations the grant-date fair value of stock options and other equity based compensation issued to employees. The value of the portion of an employee award that is ultimately expected to vest is recognized as an expense over the requisite service periods using the straight-line attribution method. The Company accounts for non-employee share-based awards in accordance with the measurement and recognition criteria of ASC Topic 505-50, "*Equity-Based Payments to Non-Employees*." The Company estimates the fair value of stock options by using the Black-Scholes option-pricing model.

Stock options issued to consultants and other non-employees as compensation for services provided to the Company are accounted for based on the fair value of the services provided or the estimated fair market value of the option, whichever is more reliably measurable in accordance with ASC 505 "Equity" and ASC 718*,* including related amendments and interpretations. The related expense is recognized over the period the services are provided.

Stock Option Plans

The Company has adopted three stock option plans, the terms of which are substantially identical. The purpose of each plan is to provide an incentive to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons into our development and financial success. Under each plan, the Company is authorized to issue incentive stock options intended to qualify under Section 422 of the Code, non-qualified stock options, stock appreciation rights, performance shares, restricted stock and long-term incentive awards. The Compensation Committee of the Company's board of directors administers each plan. The material terms of each option which may be granted under each plan will contain the following terms: (i) that the purchase price of each share purchasable under an incentive option shall be determined by the Committee at the time of grant, (ii) the term of each option shall be fixed by the Committee, but no option shall be exercisable more than 10 years after the date such option is granted, and (iii) in the absence of any option vesting periods designated by the Committee at the time of grant, options shall vest and become exercisable in terms and conditions, consistent with the plan, as may be determined by the Committee and specified in the grant instrument.

On April 20, 2011, the Company's board of directors and majority stockholder adopted the 2011 Stock Option Plan (the "2011 Plan"), to be effective on January 3, 2011. The Company has reserved for issuance an aggregate of 900,000 shares of common stock under the 2011 Plan. The maximum aggregate number of shares of Company stock that shall be subject to Grants made under the Plan to any individual during any calendar year shall be 180,000 shares. As of June 30, 2017, 27,000 shares were remaining under the 2011 Plan for future issuance.

On April 1, 2013, the Company's board of directors and majority stockholder adopted the 2013 Stock Option Plan (the "2013 Plan"), to be effective on April 1, 2013. The Company has reserved for issuance an aggregate of 900,000 shares of common stock under the 2013 Plan. The maximum aggregate number of shares of Company stock that shall be subject to grants made under the 2013 Plan to any individual during any calendar year shall be 180,000 shares. As of June 30, 2017, 147,000 shares were remaining under the 2013 Plan for future issuance.

NOTE 11 – SHAREHOLDERS' EQUITY (continued).

On May 22, 2015, the Company's board of directors adopted the 2015 Stock Option Plan (the "2015 Plan"), to be effective on May 22, 2015. Effective August 3, 2015, and as disclosed in the Company's Information Statement on Schedule 14C, the Company's majority shareholders ratified the adoption of the 2015 Plan. The Company has reserved for issuance an aggregate of 1,000,000 shares of common stock under the 2015 Plan. The maximum aggregate number of shares of Company stock that shall be subject to grants made under the 2015 Plan to any individual during any calendar year shall be 100,000 shares. As of June 30, 2017, 449,000 shares were remaining under the 2015 Plan for future issuance.

On March 22, 2016 the Company granted 100,000 ten-year stock options, which have an exercise price of $0.695 per share to an executive officer and director. The aggregate fair value of these options was computed at $39,901 or $0.3990 per option.

On March 22, 2016 the Company granted 46,000 ten-year stock options, which have an exercise price of $0.695 per share to a director. The aggregate fair value of these options was computed at $18,354 or $0.3990 per option.

The Company estimates the fair value of share-based compensation utilizing the Black-Scholes option pricing model, which is dependent upon several variables such as the expected option term, expected volatility of our stock price over the expected option term, expected risk-free interest rate over the expected option term, expected dividend yield rate over the expected option term, and an estimate of expected forfeiture rates.

The Company believes this valuation methodology is appropriate for estimating the fair value of stock options granted to employees and directors, which is subject to ASC Topic 718 requirements. These amounts are estimates and thus may not be reflective of actual future results, nor amounts ultimately realized by recipients of these grants. The Company recognizes share-based compensation expense on a straight-line basis over the requisite service period for each award. The following table summarizes the assumptions the Company utilized to record compensation expense for stock options granted during the six months ended June 30, 2017 and 2016:

No options were granted during the six months ended June 30, 2017.

	Six Months Ended June 30,	
Assumptions:	**2017**	**2016**
Expected term (years)		6.8
Expected volatility	—%	66%
Risk-free interest rate	—%	0.1 – 2.07%
Dividend yield	—%	0%
Expected forfeiture rate	—%	0%

The expected life is computed using the simplified method, which is the average of the vesting term and the contractual term. The expected volatility is based on an average of similar public companies historical volatility. The risk-free interest rate is based on the U.S. Treasury yields with terms equivalent to the expected term of the related option at the time of the grant. Dividend yield is based on historical trends. While the Company believes these estimates are reasonable, the compensation expense recorded would increase if the expected life was increased, a higher expected volatility was used, or if the expected dividend yield increased.

The Company recorded $35,579 and $59,551 stock option expense for the three months ended June 30, 2017 and 2016, respectively and $73,838 and $77,124 for the six months ended June 30, 2017 and 2016, respectively. The non-cash stock option expense has been recognized as a component of general and administrative expenses in the accompanying unaudited condensed consolidated financial statements.

As of June 30, 2017 there were total unrecognized compensation costs related to non-vested share-based compensation arrangements of $124,271 to be recognized through August 2020.

NOTE 11 – SHAREHOLDERS' EQUITY (continued).

A summary of the Company's stock option activity during the six months ended June 30, 2017 is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance Outstanding, December 31, 2016	2,281,000	$ 0.47	6.8	$ 795,185
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	(104,000)	—	—	—
Expired	—	—	—	—
Balance Outstanding, June 30, 2017	2,177,000	$ 0.47	6.6	$ 775,585
Exercisable at June 30, 2017	1,515,000	$ 0.31	5.3	$ 719,373

Summarized information with respect to options outstanding under the two option plans at June 30, 2017 is as follows:

	Options Outstanding			Options Exercisable	
Range or Exercise Price	Number Outstanding	Remaining Average Contractual Life (In Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
0.14 - 0.24	720,000	1.1	$ 0.14	720,000	$ 0.14
0.25 - 0.49	351,000	.8	$ 0.28	351,000	$ 0.28
0.50 - 0.85	1,106,000	4.0	$ 0.69	444,000	$ 0.60
	2,177,000	5.9	$ 0.45	1,515,000	$ 0.31

NOTE 12 – CONCENTRATIONS.

The Company has historically purchases a substantial amount of its products from two vendors; Citizens Watch Company of America, Inc., and Bulova Corporation. During the three months ended June 30, 2017, purchases from Citizens accounted for 67% and purchases from Bulova accounted for 20%, of the total products purchased as compared to 44% and 15%, respectively, for the three months ended June 30, 2016. During the six months ended June 30, 2017, purchases from Citizens accounted for 57% and purchases from Bulova accounted for 19%, of the total products purchased as compared to 39% and 17%, respectively, for the six months ended June 30, 2016. Although we continue to add additional product vendors and we continue to expand our product line and vendor relationships, due to continued high concentration and reliance on these two vendors, the loss of one of these two vendors could adversely affect the Company's operations.

The Company generates revenues from two segments: product sales and services. We sell many products through various distribution portals, which include Amazon and Paypal/eBay. During the three months ended June 30, 2017, these two portals accounted for 41% and 44%, respectively of our total product sales as compared to 91% and 5% in the three months ended June 30, 2016. During the six months ended June 30, 2017, these two portals accounted for 41% and 43%, respectively of our total product sales as compared to 91% and 5% in the six months ended June 30, 2016. The sharp increase in Paypal/eBay concentration is due to our acquisition of the Black Helmet Apparel business in December 2016. Due to high concentration and reliance on these portals, the loss of a working relationship with either of these two portals could adversely affect the Company's operations.

A substantial amount of payments for our products sold are processed through PayPal. A disruption in PayPal payment processing could have an adverse effect on the Company's operations and cash flow.

NOTE 12 – CONCENTRATIONS (continued).

Credit Risk

The Company minimizes the concentration of credit risk associated with its cash by maintaining its cash with high quality federally insured financial institutions. However, cash balances in excess of the FDIC insured limit of $250,000 are at risk. At June 30, 2017 and December 31, 2016, respectively, the Company had no cash balances in excess of the FDIC insured limit.

Concentration of Funding

During the six months ended June 30, 2017, the Company's funding was provided by the convertible notes to a related party officer and director. See Note 8.

NOTE 13 – SUBSEQUENT EVENTS.

In March 2017 the Company entered into a definitive agreement to purchase all of the membership interests of Daily Engage Media LLC ("Daily Engage Media") from unrelated third parties for $4.9 million consisting of cash and shares of its common stock. The closing of this acquisition was conditioned upon the closing of a then pending secondary firm commitment public offering of the Company's securities. In July 2017 the Company withdrew the registration statement on Form S-1 previously filed with the SEC and is presently in negotiations with the owners of Daily Engage Media to restructure the terms of the acquisition. In July 2017 the Company lent Daily Engage $135,000 for working capital under the terms of a promissory note which matures on September 15, 2017. The obligation is unsecured and interest free. Upon the closing of the acquisition, $85,000 of the obligation will be forgiven and considered part of the purchase price. If the acquisition does not close prior to the maturity date, the note will begin accruing interest at 1 ½% per month.

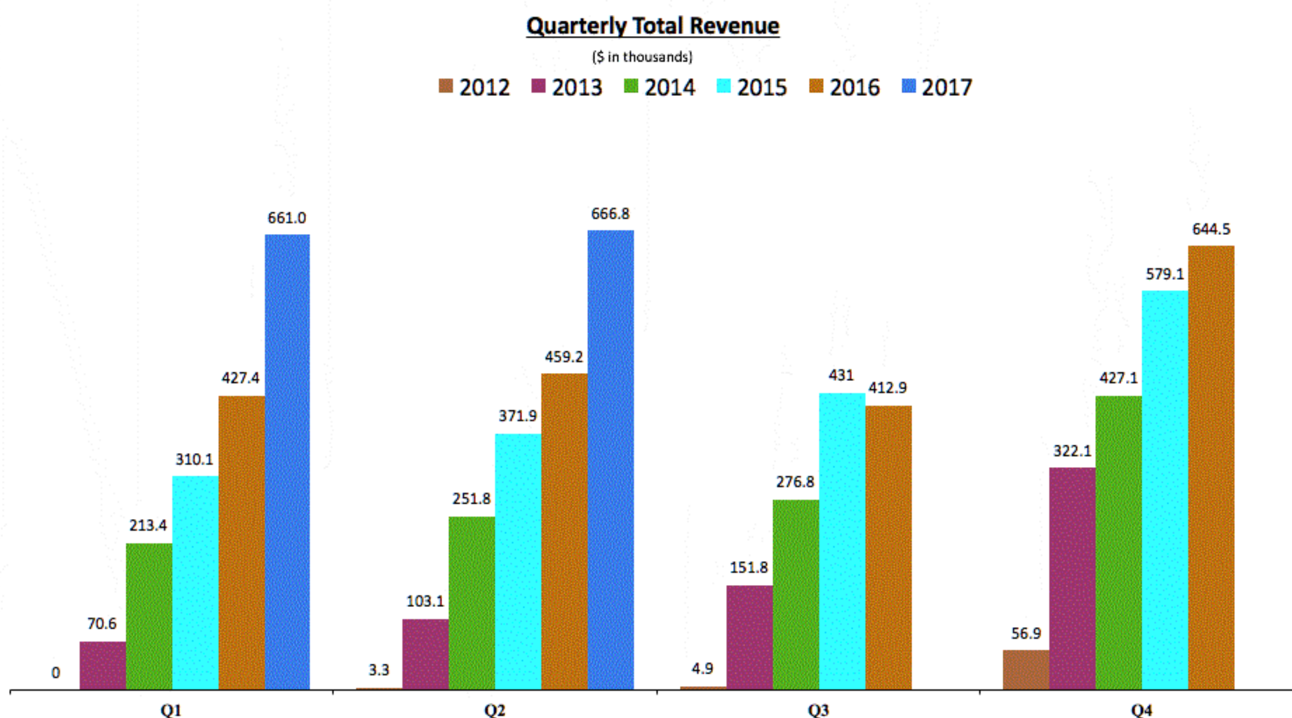
Between July 2017 and August 2017 Mr. W. Kip Speyer, an executive officer and director, lent the Company an aggregate of $310,000 under the terms of 6% and 10% convertible promissory notes. The notes are unsecured, mature five years from the date of issuance, and are convertible at any time at the option of the holder into shares of the Company's common stock at a conversion price of $0.50 on a $50,000 note issued in July 2017 with the balance convertible at $0.40 per share. The proceeds were used by the Company for working capital.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of our unaudited condensed consolidated financial condition and results of operations for the three and six months ended June 30, 2017 and 2016 should be read in conjunction with the unaudited condensed consolidated financial statements and the notes to those statements that are included elsewhere in this report. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2016 as filed with the Securities and Exchange Commission. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements.

Overview

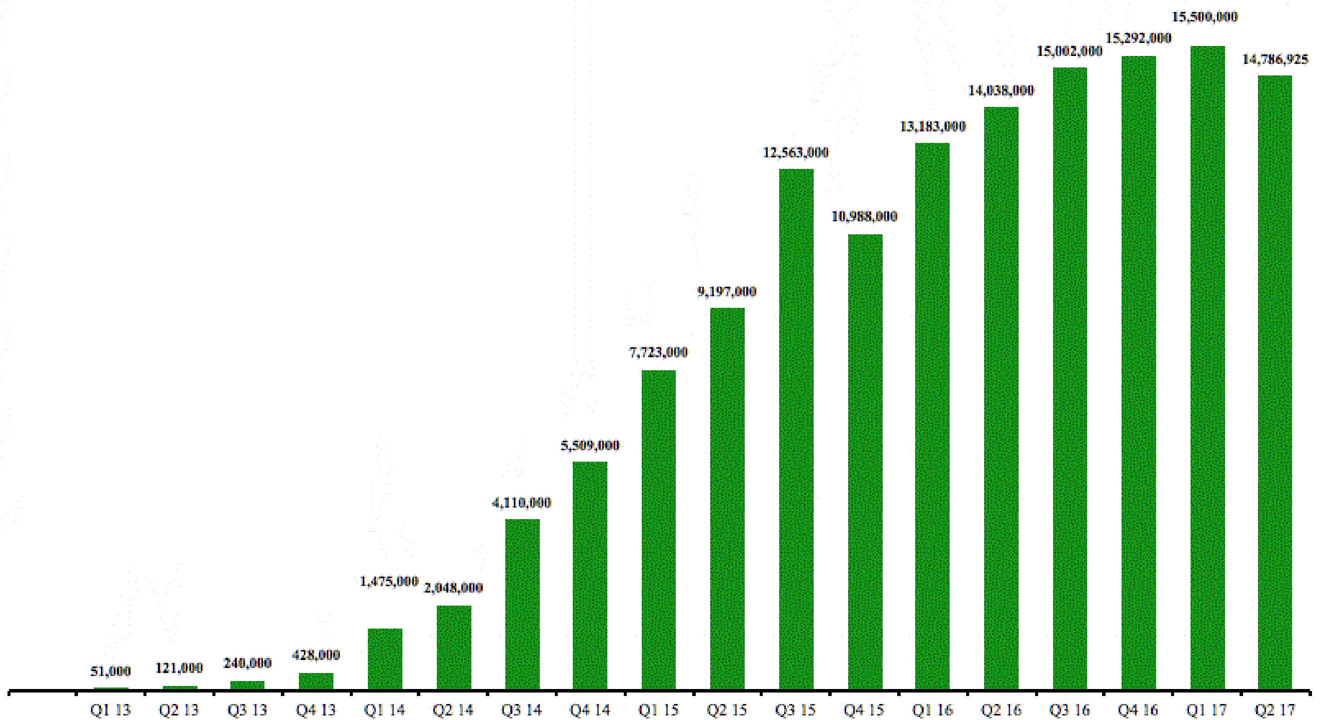
We are a digital media holding company for online assets primarily targeted to the military and public safety sectors. We own websites, which are customized to provide our niche users, including active duty, reserve and retired military, law enforcement, and fire fighters with information and news that may be of interest to them. We generate revenues from two segments, product sales and services. Services consist of advertising revenue and subscriptions. Within our product sales segment, we generate product sales revenue through e-commerce distributors portals such as Amazon and eBay, and direct sales though proprietary websites and a retail location. The following graph provides historical quarterly total revenue in the respective periods presented:



Key second quarter of 2017 highlights include:

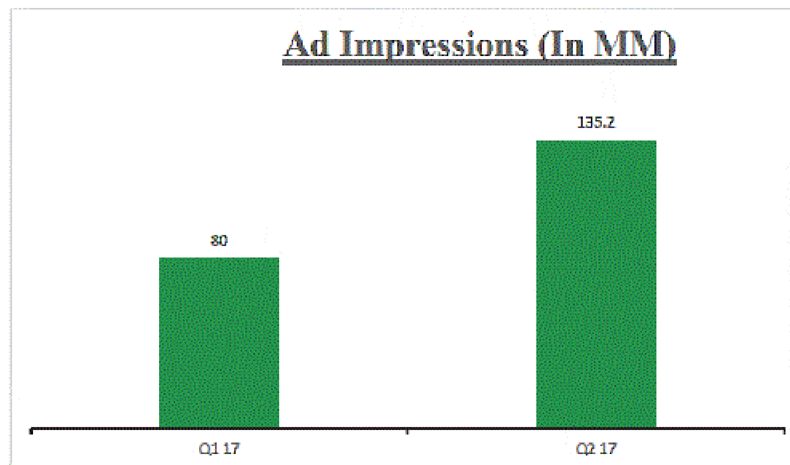
- total revenue of $666,821, a revenue increase of 45% as compared to the second quarter of 2016;
- services revenue decline of 24% for the second quarter of 2017 as compared to the second quarter of 2016; and
- product sales revenue increased 70% in during the second quarter of 2017 from the comparable period in 2016.

The following graph provides information on the quarterly traffic to our proprietary websites over the respective quarterly periods presented:



Since inception we have chosen to be a provider of quality website content to our niche market through our content staff of writers. A key component of our growth also remains our acquisition strategy. Our ability to continue our acquisition strategy, however, is dependent on our ability to raise additional working capital, both to fund the costs of the transactions as well as the integration and expansion of the acquired companies and web properties.

A key component of our growth is our transition to an ad network. Our ad network creates revenue off other publisher's content in our niche market in the form of ad impressions. For this reason, the managerial focus will be in growing our total impressions to grow our total services revenue. From Q1 to Q2 of 2017, we experienced a 69% increase in the number of ad impressions. Year to date quarterly impressions are conveyed in the following graph:



In March 2017 we entered into an agreement to purchase Daily Engage Media, utilizing a portion of the proceeds of a pending firm commitment public offering of our securities. Thereafter, utilizing technology which is being developed by Daily Engage Media and proceeds from the offering we expected to launch the Bright Mountain Media Ad Network. Our ability to close the acquisition of Daily Engage Media and launch the advertising network was wholly dependent upon the closing of the pending public offering. In July 2017 we withdrew the registration statement for the pending public offering following the expiration of the letter of intent with the underwriter. We are presently in negotiations with the owners of Daily Engage Media to restructure the terms of the acquisition and in July 2017 we lent Daily Engage $135,000 for working capital. We are also actively seeking alternative financing to provide sufficient funds to consummate the acquisition of Daily Engage Media and to provide the additional working capital necessary for the launch of the advertising network. However, we are not a party to any binding agreements and there are no assurance we will be successful in our efforts. Accordingly, investors should not place undue reliance on the information in this report related to these future activities by us.

While we continue to increase our revenues as a result of the impact of Black Helmet on our 2017 revenues, we reported a net loss of $1,557,180 for six months ended June 30, 2017. During 2017 and 2016 our average monthly negative cash flow was approximately $150,000. As we continue our efforts to grow our business we expect that our monthly cash operating overhead will continue to increase as we add personnel, although at a lesser rate, and we are not able at this time to quantify the amount of this expected increase.

We do not anticipate that we will generate sufficient revenue to fund our operations for the next 12 months or pay our obligations as they become due. As a result, we will need to raise additional working capital to fund our ongoing operations as well as to provide additional funds for the further evolution of our business and to consummate the acquisition of Daily Engage Media. During 2017 we have been dependent upon loans from our Chief Executive Officer to provide sufficient funds to meet our working capital needs. We presently estimate we will need to raise at least $2,000,000 to satisfy our working capital needs for the next 12 months. As described elsewhere herein, we do not have any firm commitments for this necessary capital and there are no assurances we will be successful in raising the capital upon terms and conditions, which are acceptable to us, if at all. If we are unable to raise the necessary additional working capital, absent a significant increase in our revenues, of which there is no assurance, we will be unable to continue to grow our company and may be forced to reduce certain operating expenses in an effort to conserve our working capital.

Going Concern

For the six months ended June 30, 2017, we reported a net loss of $1,557,180, cash used in operating activities of $948,512 and we had an accumulated deficit of $10,381,986 at June 30, 2017. The report of our independent registered public accounting firm on our audited consolidated financial statements at December 31, 2016 and 2015 and for the years then ended contains an explanatory paragraph regarding substantial doubt of our ability to continue as a going concern based upon our net losses, cash used in operations and accumulated deficit. These factors, among others, raise substantial doubt about our ability to continue as a going concern. Our unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. There are no assurances we will be successful in our efforts to generate revenues or report profitable operations or to continue as a going concern, in which event investors would lose their entire investment in our company.

Results of operations

	Second Quarter		%
	2017	2016	Change
Product sales	$ 572,931	$ 336,042	70.5
Revenues from services	93,890	123,128	(23.7)
Total revenues	$ 666,821	$ 459,170	45.2
Cost of sales - products	365,411	236,986	54.2
Cost of sales - products as a percentage of product sales	63.8%	70.5%	(6.7)
Gross profit	$ 301,410	$ 222,184	36.9
Gross profit as a percentage of total revenues	45.2%	48.4%	(3.2)
Selling, general and administrative expenses	$ 1,064,765	$ 732,339	45.4
(Loss) from operations	$ (763,355)	$ (510,155)	49.6

	Six Months Ended June 30,		%
	2017	2016	Change
Product sales	$ 1,124,286	$ 683,821	64.4
Revenues from services	203,633	199,764	1.9
Total revenues	$ 1,327,919	$ 883,585	50.3
Cost of sales - products	741,467	507,521	46.1
Cost of sales - products as a percentage of product sales	65.9%	74.2%	(8.3)
Gross profit	$ 586,452	$ 376,064	55.9
Gross profit as a percentage of total revenues	44.2%	42.6%	1.6
Selling, general and administrative expenses	1,948,968	1,519,053	28.3
(Loss) from operations	$(1,362,516)	$(1,142,989)	19.2

Revenue

Revenues related to product sales increased during both the three and six months ended June 30, 2017 from the comparable period in 2016 which are attributable to our acquisition of the Black Helmet Apparel business in mid-December 2016. Sales by our Black Helmet Apparel business totaled $505,699 during the first six months of 2017 compared to their pre-acquisition sales of $466,050 for the first six months of 2016, as included in our pro-forma disclosure in Note 3 – Acquisitions. While there can be no assurance, we expect similar increases quarter-over-quarter during the remainder of 2017 resulting from this acquisition.

Service revenues decreased 24% for the second quarter of 2017 but increased 19% for the six months ended June 30, 2017 over the comparable periods in 2016.

Cost of Sales

Cost of sales as a percentage of product sales declined during the second quarter 2017 and the six months then ended compared to the comparable periods of the prior year. These declines continue to be due in large part to the inclusion of Black Helmet Apparel revenues during the 2017 periods, not included in 2016, with decreased margins on products sold. We do not incur any cost of sales related to our service revenues.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by approximately 45% and approximately 28% for the three and six months ended June 30, 2017 from the comparable periods in 2016. While total costs increased, selling, general and administrative expenses as a percentage of total revenues remained relatively constant in the second quarters of 2017 and 2016 at 160% and declined from 172% to 147% between the comparable six month periods.

A significant portion of our selling, general and administrative expenses between periods was attributable to non-cash expenses recognized during the six months ended June 30, 2017 and 2016 including amortization expense attributable to websites acquired and amortization of debt discounts of $151,542 and $124,425 and $67,268 and $18,715, respectively. In addition, stock options compensation expense totaled $73,838 and $77,124 in the first six months 2017 and 2016, respectively. During the 2017 periods we have increased our staffing, including in connection with our acquisition of Black Helmet Apparel, which has increased our employee costs. Advertising and marketing expenses increased sharply between the periods which is attributable to our acquisition of Black Helmet Apparel business during the fourth quarter 2016. For the three months ended June 30, 2017 and 2016, advertising, marketing and promotion expense was $72,945 and $5,056, respectively. For the six months ended June 30, 2017 and 2016, advertising, marketing and promotion expense was $165,233 and $12,106, respectively. The business model for this operation relies heavily on on-line promotion of products offered. We anticipate these quarter-over-quarter increases will continue as the Company focuses on expanding the Black helmet customer base and promoting anticipated newly introduced products.

Selling, general and administrative expenses are expected to continue to increase in a controlled manor as we execute our planned growth strategy of increasing website visits both organically and through targeted acquisitions and providing the needed administrative support for the increased level of activities. Subject to the availability of additional working capital, the Company also intends to add administrative staff to its accounting department to improve controls over its accounting and reporting processes.

Total other income (expense)

Total other income (expense) primarily reflects interest expense associated with our borrowings under a non-convertible and several convertible notes. Our Chief Executive Officer loaned the Company an additional $950,000 during the first six months 2017 under a series of 6% to 12% convertible notes bringing the total carrying value of notes payable to him at June 30, 2017 to $680,673, net of the related note discount of $844,327. Interest under these notes totaled $76,124 and $125,132, inclusive of $38,381 and $67,268 in amortization of the related debt discount, for the three and six months ended June 30, 2017. In addition, the Company recorded interest of $31,598 and $62,847 during the three and six months ended June 30, 2017 on a $500,000 25% note payable issued in November 2016 which matures in November 2017.

Non-GAAP financial measure

We report adjusted net (loss) to measure our overall results because we believe it better reflects our net results by excluding the impact of non-cash equity based compensation. We use Adjusted EBITDA to measure our operations by excluding interest and certain additional non-cash expenses. These measures are one of the primary metrics by which we evaluate the performance of our business, on which our internal budgets are based. We believe the presentation of adjusted net (loss) and Adjusted EBITDA enhances our investors' overall understanding of the financial performance of our business.

We believe that investors have access to the same set of tools that we use in analyzing our results. This non-GAAP measure should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results.

We believe these measures are useful for analysts and investors as the measures allows a more meaningful year-to-year comparison of our performance. The items below are excluded from the Adjusted EBITDA measure because these items are non-cash in nature, and we believe that by excluding these items, Adjusted EBITDA corresponds more closely to the cash operating income/loss generated from our business. Adjusted EBITDA has certain limitations in that it does not take into account the impact to our statement of operations of certain expenses.

The following is an unaudited reconciliation of net (loss) to adjusted net (loss) and Adjusted EBITDA for the periods presented:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(unaudited)	2017	2016	2017	2016
Net (loss)	$ (873,933)	$ (531,907)	$ (1,557,180)	$ (1,180,864)
plus:				
Stock compensation expense	35,579	59,551	73,838	77,124
Stock issued for services	22,800	10,450	25,860	54,930
Adjusted net (loss):	$ (815,554)	$ (461,906)	$ (1,457,482)	$ (1,048,810)
Depreciation expense	6,659	3,345	12,148	6,679
Amortization expense	75,736	61,582	151,542	124,425
Amortization on debt discount	38,381	10,938	67,268	18,715
Interest expense	110,578	21,752	194,664	37,875
Adjusted EBITDA:	$ (584,200)	$ (364,289)	$ (1,031,860)	$ (861,116)

Liquidity and capital resources

Liquidity is the ability of a company to generate sufficient cash to satisfy its needs for cash. As of June 30, 2017 the Company had a balance of cash and cash equivalents of $101,029 and working capital of $197,418 as compared to cash and cash equivalents of $162,795 and working capital of $355,344 at December 31, 2016. Our current assets decreased 13.2% at June 30, 2017 from December 31, 2016 which reflects the decrease in cash, accounts receivable, prepaid expenses and inventories. Our current liabilities decreased 2.2% at June 30, 2017 from December 31, 2016 which primarily reflects a decreases in accounts payable and premium finance loan payable, offset by increases in accrued interest, including to a related party, and deferred rent. We do not have any external sources of liquidity and are dependent upon loans from our Chief Executive Officer as described elsewhere herein. In addition to the amounts owed Mr. Speyer, in November 2016 we borrowed $500,000 from an unrelated third party under a promissory note which matures in November 2017. Our operations do not provide sufficient cash to pay our cash operating expenses. If we are unable to increase our revenues to a level which provides sufficient funds to pay our operating expenses without relying upon loans from a related party, as well as to pay our obligations as they become due, our ability to continue to leverage our resources and implement our plans for continued growth are in jeopardy.

Cash flows

Net cash flows used in operating activities totaled $948,512 and $911,503 for the six month periods ending June 30, 2017 and 2016, respectively. During the six months ended June 30, 2017, we used cash primarily to fund our net loss of $1,557,180 for the period as well as an increases in accrued interest, including to a related party. Cash used during the six months ended June 30, 2016 was primarily attributable to operational losses during the period.

Net cash flows used in investing activities totaled $14,035 and $136,858 for the first six months of 2017 and 2016, respectively. Cash used included the purchase of fixed assets in 2017 and 2016 and in 2016, $131,237 attributable to the purchase of two websites.

Net cash flows provided from financing activities totaled $901,051 and $748,663 during the six month periods ending June 30, 2017 and 2016, respectively. During the first six months of 2017, the Company received $950,000 under a series of 6% and 12% 5 year convertible notes issued to our Chief Executive Officer. This figure was reduced by the repayments of $48,949 in insurance premium financing notes. During the first six months of 2016, the Company sold $500,000 in debt and issued $300,000 in 12%, 5 year convertible notes issued to our Chief Executive Officer. This figure was reduced by the repayments of $51,337 in insurance premium financing notes.

Critical accounting policies

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reported periods. The more critical accounting estimates include estimates related to revenue recognition and accounts receivable allowances. We also have other key accounting policies, which involve the use of estimates, judgments and assumptions that are significant to understanding our results, which are described in Note 1 to our unaudited condensed consolidated financial statements appearing elsewhere in this report.

Recent accounting pronouncements

The recent accounting standards that have been issued or proposed by the FASB or other standards-setting bodies as described in Note 1 appearing earlier in this report that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

All other newly issued accounting pronouncements, but not yet effective, have been deemed either immaterial or not applicable.

Off balance sheet arrangements

As of the date of this report, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. The term “off-balance sheet arrangement” generally means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with us is a party, under which we have any obligation arising under a guarantee contract, derivative instrument or variable interest or a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity or market risk support for such assets.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable for a smaller reporting company.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures. We maintain “disclosure controls and procedures” as such term is defined in Rule 13a-15(e) under Securities Exchange Act of 1934 (the “Exchange Act”). In designing and evaluating our disclosure controls and procedures, our management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation as of the end of the period covered by this report, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were not effective such that the information relating to our company, required to be disclosed in our Securities and Exchange Commission reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (ii) is accumulated and communicated to our management, including our Chief Executive Officer, to allow timely decisions regarding required disclosure as a result of continuing material weaknesses in our internal control over financial reporting as described in our Annual Report on Form 10-K for the year ended December 31, 2016. A material weakness is a deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of annual or interim financial statements will not be prevented or detected.

We will continue to monitor and evaluate the effectiveness of our internal control over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow. We do not, however, expect that the material weaknesses in our disclosure controls will be remediated until such time as we have added to our accounting and administrative staff allowing improved internal control over financial reporting.

Changes in Internal Control over Financial Reporting. There have been no changes in our internal control over financial reporting during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS.

Not applicable for a smaller reporting company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Between May 2017 and August 2017 Mr. W. Kip Speyer, an executive officer and director, lent us an aggregate of $585,000 under the terms of 6% convertible promissory notes. The notes are unsecured, mature five years from the date of issuance, and are convertible at any time at the option of the holder into shares of our common stock at a conversion price of $0.50 on a $50,000 note issued in July 2017 with the balance convertible at $0.40 per share. We did not pay any commissions or finders fees and the proceeds were used by us for working capital. Mr. Speyer is an accredited investor and the issuances were exempt from registration under the Securities Act of 1933, as amended in reliance on an exemption provided by Section 4(a)(2) of that act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable to our company's operations.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

No.	Description
31.1	Rule 13a-14(a)/ 15d-14(a) Certification of Chief Executive Officer *
31.2	Rule 13a-14(a)/ 15d-14(a) Certification of Chief Financial Officer *
32.1	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer*
101.INS	XBRL Instance Document *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase *
101.LAE	XBRL Taxonomy Extension Label Linkbase *
101.DEF	XBRL Taxonomy Extension Definition Linkbase *
101.SCH	XBRL Taxonomy Extension Schema *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase *

* filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	BRIGHT MOUNTAIN MEDIA, INC.
August 21, 2017	By: /s/ W. Kip Speyer W. Kip Speyer, Chief Executive Officer
August 21, 2017	By: /s/ Dennis W. Healey Dennis W. Healey, Chief Financial Officer

EXHIBIT 31.1

Rule 13a-14(a)/15d-14(a) Certification

I, W. Kip Speyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2017 of Bright Mountain Media, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 21, 2017

/s/ W. Kip Speyer

W. Kip Speyer, Chief Executive Officer, principal executive officer

EXHIBIT 31.2

Rule 13a-14(a)/15d-14(a) Certification

I, Dennis W. Healey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2017 of Bright Mountain Media, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 21, 2017

/s/ Dennis W. Healey

Dennis W. Healey, Chief Financial Officer, principal financial and accounting officer

EXHIBIT 32.1

Section 1350 Certification

In connection with the Quarterly Report of Bright Mountain Media, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2017 as filed with the Securities and Exchange Commission (the "Report"), I, W. Kip Speyer, Chief Executive Office of the Company, and Dennis W. Healey, Chief Financial Officer of the Company, do each hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
2. The information contained in the Report fairly presents, in all material respects, the financial conditions and results of operations of the Company.

August 21, 2017	/s/ W. Kip Speyer
	W. Kip Speyer, Chief Executive Officer, principal executive officer
August 21, 2017	/s/ Dennis W. Healey
	Dennis W. Healey, Chief Financial Officer, principal financial and accounting officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.